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## Casablanca Group Limited

### 卡撒天嬌集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2223)

## 2025 ANNUAL RESULTS ANNOUNCEMENT

<b>HIGHLIGHTS</b>				
	<i>Notes</i>	<b>2025</b>	2024	Change
Revenue ( <i>HK\$'000</i> )		<b>236,307</b>	247,058	-4.4%
Loss for the year ( <i>HK\$'000</i> )		<b>(14,007)</b>	(11,500)	21.8%
Loss attributable to owners of the Company ( <i>HK\$'000</i> )		<b>(12,230)</b>	(9,786)	25.0%
Gross profit margin		<b>67.1%</b>	66.6%	
Net loss margin	1	<b>-5.9%</b>	-4.7%	
Loss per share – Basic ( <i>HK cents</i> )		<b>(4.74)</b>	(3.80)	
		<b>As at</b>	As at	
		<b>31/12/2025</b>	31/12/2024	Change
Total assets ( <i>HK\$'000</i> )		<b>433,150</b>	448,366	-3.4%
Total liabilities ( <i>HK\$'000</i> )		<b>71,149</b>	83,656	-15.0%
Total equity ( <i>HK\$'000</i> )		<b>362,001</b>	364,710	-0.7%
Total bank borrowings ( <i>HK\$'000</i> )		<b>2,794</b>	3,193	-12.5%
Total bank balances and cash ( <i>HK\$'000</i> )		<b>134,452</b>	137,608	-2.3%
Net cash ( <i>HK\$'000</i> )	2	<b>131,658</b>	134,415	-2.1%
Gearing ratio	3	<b>0.8%</b>	0.9%	
<i>Notes:</i>				
1.	Loss for the year is used as the numerator in the calculation.			
2.	Net cash represents pledged bank deposits and bank balances and cash less total bank borrowings.			
3.	Gearing ratio is calculated as total bank borrowings divided by total equity.			

The board (the “Board”) of directors (the “Directors”) of Casablanca Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025 (the “Year” or the “Review Period”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	3	236,307	247,058
Cost of goods sold		(77,810)	(82,622)
Gross profit		158,497	164,436
Other income	4	2,537	6,063
Other gains	5	954	282
Selling and distribution costs		(131,147)	(136,049)
Administrative expenses		(44,145)	(45,503)
Finance costs		(1,508)	(1,837)
Loss before taxation	6	(14,812)	(12,608)
Taxation	7	805	1,108
Loss for the year		(14,007)	(11,500)
Other comprehensive income/(expense) for the year			
<i>Items that may be subsequently or are reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		7,602	(6,520)
Release of translation reserve upon deregistration of a subsidiary		–	(633)
Other comprehensive income/(expense)		7,602	(7,153)
Total comprehensive expense for the year		(6,405)	(18,653)
Loss for the year attributable to:			
Owners of the Company		(12,230)	(9,786)
Non-controlling interests		(1,777)	(1,714)
		(14,007)	(11,500)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(4,588)	(16,944)
Non-controlling interests		(1,817)	(1,709)
		(6,405)	(18,653)
Loss per share	9		
– Basic (HK cents)		(4.74)	(3.80)
– Diluted (HK cents)		(4.74)	(3.80)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		144,127	146,762
Right-of-use assets		27,406	37,203
Investment properties		18,104	18,437
Intangible assets		–	–
Deposits paid for acquisition of property, plant and equipment		522	501
Rental and other deposits		1,595	2,636
Deferred tax assets		3,512	2,293
		<u>195,266</u>	<u>207,832</u>
<b>Current assets</b>			
Inventories		50,909	53,512
Trade and other receivables	10	48,280	47,352
Financial assets at fair value through profit or loss		3,988	1,805
Taxation recoverable		255	257
Pledged bank deposits		6,859	8,297
Bank balances and cash		127,593	129,311
		<u>237,884</u>	<u>240,534</u>
<b>Current liabilities</b>			
Trade and other payables	11	54,135	55,706
Lease liabilities		10,672	15,320
Taxation payable		13	146
Bank borrowing		532	511
		<u>65,352</u>	<u>71,683</u>
Net current assets		<u>172,532</u>	<u>168,851</u>
Total assets less current liabilities		<u>367,798</u>	<u>376,683</u>
<b>Non-current liabilities</b>			
Bank borrowing		2,262	2,682
Lease liabilities		3,167	8,937
Deferred tax liabilities		368	354
		<u>5,797</u>	<u>11,973</u>
Net assets		<u><u>362,001</u></u>	<u><u>364,710</u></u>
<b>Capital and reserves</b>			
Share capital		25,785	25,785
Reserves		337,176	341,648
Equity attributable to owners of the Company		<u>362,961</u>	<u>367,433</u>
Non-controlling interests		(960)	(2,723)
Total equity		<u><u>362,001</u></u>	<u><u>364,710</u></u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2025*

### **1. GENERAL**

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent company is World Empire Investment Inc., a company incorporated in the British Virgin Islands (the “BVI”), and its ultimate controlling parties are Mr. Cheng Sze Kin, who is the Chairman of the Company, Mr. Cheng Sze Tsan and Ms. Wong Pik Hung.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacture and trading of bedding products and trading of home accessories and furniture.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

### **2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) ACCOUNTING STANDARDS**

#### **(a) Overview**

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21	Lack of Exchangeability
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The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025**

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity <sup>2</sup>
Amendment to HKAS 21	Translation a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### **3. REVENUE AND SEGMENT INFORMATION**

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sales of bedding products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRS Accounting Standards, that are regularly reviewed by the executive directors of the Company, the chief operating decision maker of the Group. The executive directors of the Company regularly review revenue analysis by (i) self-operated retail sales; (ii) e-sales; (iii) sales to distributors and (iv) wholesales. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The executive directors of the Company review the revenue and the results for the year of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors of the Company. Accordingly, no analysis of this single operating segment is presented.

- Self-operated retail sales: Sales through the self-operated retail sales channel refer to retail sales to end-user consumers at the self-operated concession counters in department stores and self-operated retail stores.
- E-sales: E-sales refer to retail sales to end-user consumers through online platforms on internet or mobile devices operated by the Group or third parties, but not by distributors or wholesale customers.

- Sales to distributors: Sales to distributors refer to the sales to distributors who resell the products to end-user consumers.
- Wholesales: Sales to wholesale customers located in the People’s Republic of China (“PRC” or “Mainland China” for purpose of this announcement, excluding Hong Kong, Macau and Taiwan) and Hong Kong and Macau (collectively the “Greater China Region”), and sales made to overseas customers.

The information of segment revenue is as follows:

	<b>2025</b> <b>HK\$’000</b>	2024 <i>HK\$’000</i>
Self-operated retail sales	<b>175,029</b>	186,326
E-sales	<b>25,510</b>	28,794
Sales to distributors	<b>12,009</b>	13,306
Wholesales	<b>23,759</b>	18,632
	<b>236,307</b>	247,058

#### **Entity-wide information**

The following is an analysis of the Group’s revenue from its major products:

	<b>2025</b> <b>HK\$’000</b>	2024 <i>HK\$’000</i>
Bed linens	<b>123,797</b>	131,738
Duvets and pillows	<b>99,160</b>	101,454
Others	<b>13,350</b>	13,866
	<b>236,307</b>	247,058

#### **Geographical information**

Information about the Group’s revenue from external customers is presented based on the location of the operations:

	<b>2025</b> <b>HK\$’000</b>	2024 <i>HK\$’000</i>
Hong Kong and Macau	<b>174,628</b>	186,486
Mainland China	<b>61,471</b>	59,927
Others	<b>208</b>	645
	<b>236,307</b>	247,058

Information about the Group's non-current assets (excluding rental and other deposits and deferred tax assets) is presented based on the location of the assets:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Mainland China	<b>164,155</b>	166,619
Hong Kong	<b>26,004</b>	36,202
	<u><b>190,159</b></u>	<u>202,821</u>

#### **Information about major customer**

For the years ended 31 December 2025 and 2024, revenue from transactions with each external customer is less than 10% of the total revenue of the Group.

#### **4. OTHER INCOME**

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	<b>1,413</b>	1,651
Dividend income	<b>70</b>	429
Government subsidies	<b>508</b>	406
Rental income	<b>–</b>	1,935
Others	<b>546</b>	1,642
	<u><b>2,537</b></u>	<u>6,063</u>

#### **5. OTHER GAINS**

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net exchange gain (loss)	<b>763</b>	(1,193)
Net reversal of loss allowance (loss allowance) on trade receivables	<b>31</b>	(622)
Realised gain on financial assets at fair value through profit or loss ("FVTPL")	<b>232</b>	1,732
Unrealised gain on financial assets at FVTPL	<b>285</b>	294
Loss on FVTPL financial instrument - FX Forward	<b>(626)</b>	–
Impairment loss on property, plant and equipment	<b>–</b>	(13)
Impairment loss on investment properties	<b>–</b>	(253)
Net gain (loss) on disposals and written off of property, plant and equipment	<b>269</b>	(434)
Gain on lease modification	<b>–</b>	138
Gain on deregistration of a subsidiary	<b>–</b>	633
	<u><b>954</b></u>	<u>282</u>

## 6. LOSS BEFORE TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	78,310	82,248
Retirement benefit schemes contributions	6,552	6,311
Share-based payments	116	460
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Total staff costs	84,978	89,019
	<hr/>	<hr/>
Auditor's remuneration	1,063	1,046
(Reversal of allowance) allowance for inventories (included in cost of goods sold) ( <i>Note a</i> )	(820)	1,169
Cost of inventories recognised as expenses	78,630	81,453
Depreciation of property, plant and equipment	11,226	11,111
Depreciation of investment properties	1,084	1,084
Depreciation of right-of-use assets	17,466	16,956
Design costs (included in administrative expenses) ( <i>Note b</i> )	532	552
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### Notes:

- a. The reversal of allowance for inventories for the year ended 31 December 2025 arose due to the Group's sales strategy for the aged finished goods enhanced by management.
- b. The design costs comprise of staff salaries of HK\$415,000 (2024: HK\$416,000) for the year ended 31 December 2025, which are included in the staff costs disclosed above.

## 7. TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
Hong Kong	337	601
Enterprise Income Tax ("EIT") in Mainland China	–	–
	<hr/>	<hr/>
	337	601
	<hr/>	<hr/>
(Over) under-provision in prior years		
Hong Kong	(6)	(12)
EIT in Mainland China	1	135
	<hr/>	<hr/>
	(5)	123
	<hr/>	<hr/>
Deferred taxation	332	724
	(1,137)	(1,832)
	<hr/>	<hr/>
	(805)	(1,108)
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% for the years ended 31 December 2025 and 2024, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis for the years ended 31 December 2025 and 2024.

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25%.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(12,230)</u>	<u>(9,786)</u>
	2025	2024
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>257,854,000</u>	<u>257,854,000</u>

For the years ended 31 December 2025 and 2024, there is no dilutive effect from the Company’s outstanding share options as the exercise price of these share options is higher than the average market price of the Company’s shares during the years.

## 10. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	34,368	33,223
Less: Loss allowance	<u>(1,508)</u>	<u>(1,477)</u>
Trade receivables, net	<u>32,860</u>	<u>31,746</u>
Deposits	4,731	3,739
Prepayments	4,329	3,735
Value added tax recoverable	3,888	5,501
Advances to employees	735	712
Other receivables ( <i>Note</i> )	<u>1,737</u>	<u>1,919</u>
	<u>15,420</u>	<u>15,606</u>
Total trade and other receivables	<u><u>48,280</u></u>	<u><u>47,352</u></u>

*Note:* Included in the amount is interest receivable of HK\$194,000 (2024: HK\$155,000).

Retail sales are mainly made at concession counters in department stores. The department stores collect cash from the end-user consumers and then repay the balance after deducting the concessionaire commission to the Group. The credit period granted to department stores ranging from 30 to 90 days. For sales to distributors and wholesales, the Group allows a credit period up to 90 days to its trade customers, which may be extended to 180 days for selected customers. The following is an aged analysis of trade receivables net of loss allowance presented based on the invoice dates at the end of the reporting period.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	18,947	19,420
31 to 60 days	7,833	6,417
61 to 90 days	3,205	2,988
91 to 180 days	1,666	1,597
181 to 365 day	1,011	1,324
Over 365 days	<u>198</u>	<u>–</u>
	<u><u>32,860</u></u>	<u><u>31,746</u></u>

For sales to distributors, the Group requests new distributors for upfront payment, while the Group allows other distributors a longer credit period. For wholesales, before accepting any new customers with significant sales, the Group will check the historical default records of these customers through external source.

## 11. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	13,281	13,685
Bills payables	22,864	24,324
	<u>36,145</u>	<u>38,009</u>
Trade and bills payables	<u>36,145</u>	38,009
Deposits received	2,073	1,841
Accrued expenses	8,301	7,803
Salaries payables	5,402	6,723
Payable for acquisition of property, plant and equipment	508	262
Other payables	1,192	645
Contract liabilities	514	423
	<u>17,990</u>	<u>17,697</u>
Total trade and other payables	<u><u>54,135</u></u>	<u><u>55,706</u></u>

The credit period of trade and bills payables is from 30 to 180 days.

The following is an aged analysis of trade and bills payables based on invoice date at the end of the reporting period.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	15,899	19,878
31 to 60 days	8,613	6,811
61 to 90 days	5,241	5,378
91 to 180 days	5,232	4,593
Over 180 days	1,160	1,349
	<u>36,145</u>	<u>38,009</u>
	<u><u>36,145</u></u>	<u><u>38,009</u></u>

When the Group receives deposits from customer in advance of sales of goods, the deposits are recognised as contract liabilities until the control of the goods has been transferred to the customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

In 2025, international developments became increasingly complex. Affected by changes in US tariff policies, tensions in China-US relations, the Russia-Ukraine war and conflicts in the Middle East, global economic growth moderated, and consumer confidence across the Greater China Region remained relatively weak. Nevertheless, China's GDP grew by 5.0% in 2025, meeting its annual target. Total retail sales of consumer goods rose by 3.7% year-on-year for the full year, while online retail sales increased by 8.6% year-on-year. During the year, the Chinese Government issued the special action plan for boosting consumption introducing measures, including promoting trade-in initiatives for consumer goods, increasing urban employment and income, improving the social security system, and fostering new types of consumption, which provided support to the consumer market.

In Hong Kong, the trend of residents travelling and spending in Mainland China or overseas during weekends and holidays continued, while the average annual unemployment rate rose from approximately 3.0% in 2024 to around 3.5% in 2025. As a result, consumer confidence was softened, and the recovery of Hong Kong's consumer market remained relatively slow. Although the Hong Kong Government has actively promoted the mega-events economy and stepped up efforts to attract Mainland visitors, with footfall gradually recovering, the benefits to Hong Kong's catering and retail sectors remained limited.

### BUSINESS REVIEW

There was no material change in the Group's operations and segment information since the publication of its interim results for the six months ended 30 June 2025. During the Review Period, the Group's total sales revenue amounted to approximately HK\$236.3 million, representing a decrease of approximately 4.4% as compared to HK\$247.1 million for 2024. The loss attributable to owners of the Company for the Year was approximately HK\$12.2 million, representing an increase of approximately 25.0% as compared to HK\$9.8 million for 2024. The increase in the loss attributable to owners of the Company for the Year was primarily due to the decline in overall sales and the decrease in other income. Despite decreases in selling and distribution costs, administrative expenses and finance costs, such reductions were insufficient to offset the impact of the decrease arising from the above factors.

Casa Living New Retail (Guangdong) Co., Ltd.\* ("Casa Living"), a non-wholly owned subsidiary of the Group established in 2022 engages in livestream sales business. As one of its former shareholders had not completed the capital contribution and the arrangements relating to the change of shareholders during the Review Period, Casa Living was not fully operational for most of the Year. For more details, please refer to the sub-section entitled "Financial Review – Update on Discloseable Transaction in Relation to Joint Venture Company" below.

## **Optimised Sales Channels**

In respect of the online retail business, the Group's official online store in Hong Kong launched various themed promotional campaigns during the Review Period and overall online retail revenue in Hong Kong remained broadly stable. As for Mainland China, sales from the Group's self-operated online stores on major platforms such as TMall and JD.com recorded a decline. Furthermore, as Casa Living had not fully commenced its live-streaming activities during the Review Period, revenue from the Group's e-sales decreased by 11.4% as compared to 2024.

As at 31 December 2025, the Group had a total of 150 physical points-of-sale ("POS") (31 December 2024: 155), of which 105 were self-operated and 45 were operated by distributors, covering a total of 36 cities in the Greater China Region. During the Review Period, the Group's self-operated retail sales declined by 6.1% year-on-year, primarily due to cautious consumer sentiment in Hong Kong and Mainland China. The Group's distributors faced similarly challenging retail business environment, with sales to distributors for the Review Period down by 9.7% year-on-year.

During the Review Period, the Group supplied products to various commercial customers, including convenience stores, electrical appliance chain stores, public utility companies and personal care products brands, for their giveaway campaigns and point redemption schemes. In addition, the Group provided original equipment manufacturing (OEM) products to various customers. Driven by increased orders from wholesale customers in Mainland China, revenue from wholesales increased by 27.5% year-on-year.

## **Enhanced Product Mix**

Sales of cartoon-themed bedding products have consistently been a major source of revenue for the Group. In 2025, the Group launched products featuring the popular Japanese anime character "Chiikawa" again, which received favourable market response and positively contributed to revenue and brand promotion. The Group also participated in themed promotional activities organised by various department stores in Hong Kong to mark the 80th anniversary of "Moomins" and the 75th anniversary of "Peanuts", including the launch of limited-edition bedding sets and the setting up of pop-up stores. During the Review Period, the Group launched new licensed cartoon-themed bedding products featuring "PJai", "Pokémon", "Minions", "Fujiya Peko-chan", "Fumeancats", "LuLu the Piggy", "B.Duck" and "Crayon Shin-chan". The Group further added the popular Korean character "Esther Bunny" to its portfolio of licensed cartoon characters, and the products were well supported by consumers. Amid the transition of licensed cartoon products, sales of the Group's licensed and authorised brand products decreased by 12.5% year-on-year during the Review Period.

In the first half of 2025, the Group upgraded the “5A Features” product series under its CASA-V brand and launched the enhanced “7A Features” series. The new series incorporates seven functional features, namely: Antibacterial, Anti-aromatic amines, Anti-virus, Thermostatic, Anti-mite, Anti-fungal and Anti-odour properties. The antibacterial performance of the products reached the “AAAAAAA” grade under the national standard for antibacterial textiles. In the second half of 2025, the Group also launched several new duvet products, including the “Dolce Sogno 100% Siberian White Goose Down Quilt”, the “Casablanca Warmth Silk Floss Quilt” and the “Casa Calvin Hemp-Cloud Winter Quilt”, offering consumers a range of duvet options with different levels of warmth.

### **Strengthened Brand Leadership Position**

2025 marked the 32nd anniversary of the Group’s Casablanca brand in Hong Kong. Under the theme “30+ Dream CASA Love CASA Anniversary: Crafting Happiness with Artistry”, the Group introduced related products and carried out promotional activities centred on elements of the Italian Renaissance and the concept of a passion for life. In addition to launching anniversary-themed bedding sets, the Group organised a prize game on its Facebook page, inviting consumers to share posts about their “Happiest Moment” to enhance customer engagement. Furthermore, the Group operated a limited-time pop-up store at Megabox in Kowloon Bay for the 32nd anniversary, showcasing and selling the Group’s flagship products including bedding sets, pillows and mattresses, with a view to enhancing brand awareness.

For over three decades, the Group has been committed to creating sleep environments that combine European elegance with exceptional comfort, earning wide market recognition. During the Review Period, the Group was awarded the “Outstanding Bedding Brand Award” at the BusinessFocus Award 2025 organised by PressLogic. The Group was also granted the “HK D-Mark Certification” by the Design Council of Hong Kong under the Federation of Hong Kong Industries and received the “Listed Company Awards of Excellence 2025” jointly presented by HOY TV and the Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC).

## **PROSPECTS**

In early 2026, certain tariff policies implemented by the US Government were ruled unlawful by the US court, giving rise to claims by US companies for the recovery of tariffs paid and the imposition of new categories of tariffs by the US Government. The uncertainty surrounding US tariffs may continue to affect global trade, and could impact the the economic outlook and consumer confidence in Mainland China and Hong Kong. Nevertheless, the Central Economic Work Conference emphasised that key priorities for 2026 include advancing the action plan for boosting consumption, the urban and rural residents' income growth plan and expanding the supply of high-quality goods and services. Measures such as improving the social security system, stabilising employment and reducing social security contributions are expected to help release consumption potential and support domestic demand. According to market forecasts, China's economic growth is projected to reach 4.8% in 2026. Meanwhile, the Hong Kong Government has been actively promoting tourism. Coupled with the Chinese Government's gradual expansion of the number of cities eligible for individual travel schemes to Hong Kong and Macau and the increase in duty-free quotas in recent years, footfall in Hong Kong has shown signs of recovery, which may have a positive impact on consumer confidence. The Group remains cautiously optimistic about the potential of the consumer market in the Greater China Region.

### **Mainland China**

In 2026, for its physical self-operated retail business, the Group will continue its resource consolidation and close underperforming outlets upon lease expiry, with a view to concentrating resources on strengthening marketing initiatives and enhancing the shopping experience at the remaining outlets. For its distribution business, the Group will maintain a tiered distributor classification system and provide corresponding business support tailored to the needs of different customers, including storefront image enhancement, optimisation of product mix, and personnel training, thereby assisting distributors in differentiating themselves and strengthening their competitiveness in the highly competitive home textile market. The Group will also continue to increase the revenue contribution from its wholesale business in Mainland China, including pursuing opportunities to supply products to nationwide enterprises, and offering corporate customers bedding products with distinctive designs and health-related functionalities. It is expected that the "Tech-Innovation Quick-Warm & Cold-Proof Quilt", developed using the latest technological materials, will become one of the key growth drivers for the wholesale segment.

For the online business, the Group reorganised its resources and stepped up investment in developing products for online channels last year to further optimise its retail business on traditional e-commerce platforms. In 2025, targeting the online retail market, the Group successfully launched a series of products featuring the "Cloud Warm Foil Smart Temperature Control System", further expanding into the professional health-focused sleep home textile segment. The application of the products has been extended from household settings to offices, outdoor activities, and sports. The product series is expected to provide growth momentum for the Group's online business development in 2026.

Reference is made to the announcement entitled “Voluntary Announcement – Update of Joint Venture Company” published by the Company on 6 February 2026. The Hangzhou Branch Company of Casa Living has commenced operations and is actively expanding its Cross-border E-commerce Projects. The Group expects that the development of the Cross-border E-commerce Projects may create synergies that support the Group’s revenue and the nurturing of young talent in the technology and creative industries.

## **Hong Kong**

Following the Group’s upgrade of its CASA-V brand products to the “7A Features” series in 2025 (including Antibacterial, Anti-aromatic amines, Anti-virus, Thermostatic, Anti-mite, Anti-fungal and Anti-odour), the Group will expand its product portfolio featuring the “7A Features” series in 2026.

The Group will also continue to optimise its licensed cartoon product portfolio by introducing products featuring the latest popular cartoon characters in addition to classic characters. The Year of the Horse themed cartoon bedding sets launched in early 2026 received favourable market response. In 2026, the Group plans to add new licensed cartoon characters and roll out themed promotional campaigns across various sales channels to promote sales growth.

Adhering to its “Contemporary, Innovative and Functional” design concept, the Group strives to integrate sustainable growth, environmental protection and social responsibility in its business strategies to provide consumers with quality bedding products of fashionable designs and at reasonable prices, and home accessories that are trendy yet practical and beneficial to society. The Group will also continue to diversify its revenue streams and enhance its brand value, aiming to deliver favourable long-term returns to the shareholders of the Company (the “Shareholders”).

## FINANCIAL REVIEW

### Revenue

For the Year, the Group recorded revenue of HK\$236.3 million (2024: HK\$247.1 million), representing a decrease of 4.4%. Despite the improvement in wholesale, the decrease in revenue of the Group for the Year was primarily attributable to the decline in retail sales, both offline and online, and sales to distributors in Hong Kong and Mainland China as result of the weak consumer sentiment under the gloomy economy.

#### **Breakdown of revenue by channels:**

	2025		2024		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
<b>Self-operated retail sales</b>						
Self-operated concession counters	<b>128,388</b>	<b>54.3%</b>	136,116	55.1%	(7,728)	-5.7%
Self-operated retail stores	<b>46,641</b>	<b>19.7%</b>	50,210	20.3%	(3,569)	-7.1%
<b>Sub-total for self-operated retail sales</b>	<b>175,029</b>	<b>74.0%</b>	186,326	75.4%	(11,297)	-6.1%
<b>E-sales</b>	<b>25,510</b>	<b>10.8%</b>	28,794	11.7%	(3,284)	-11.4%
<b>Sales to distributors</b>	<b>12,009</b>	<b>5.1%</b>	13,306	5.4%	(1,297)	-9.7%
<b>Wholesales <sup>(Note)</sup></b>	<b>23,759</b>	<b>10.1%</b>	18,632	7.5%	5,127	27.5%
<b>Total</b>	<b>236,307</b>	<b>100.0%</b>	247,058	100.0%	(10,751)	-4.4%

Note: "Wholesales" includes sales to wholesale customers in Hong Kong and Mainland China and also exports to overseas markets.

Self-operated retail sales for the Year, which accounted for 74.0% of the total revenue, decreased by 6.1% as compared to 2024. The decrease in self-operated retail sales was attributable to the weak consumer sentiment in Hong Kong as the trend for Hong Kong consumers shopping in Mainland China and travelling overseas during public holidays remained unchanged. The decrease in e-sales was attributable to less sales in Mainland China when Casa Living remained in minimal operations with only limited livestream sales activities owing to the changes of its shareholders during the Year. The decrease in sales to distributors by 9.7% for 2025 was mainly attributable to the decrease in sales to distributors in Mainland China and Macau as they also faced the same difficult operating environment. With the increase in wholesales mainly in Mainland China during the Year, wholesales for 2025 recorded a significant increase of 27.5% as compared to 2024.

**Breakdown of revenue by brands:**

	2025		2024		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
Proprietary brands	<b>190,137</b>	<b>80.5%</b>	198,818	80.5%	(8,681)	-4.4%
Licensed and authorised brands	<b>41,400</b>	<b>17.5%</b>	47,318	19.1%	(5,918)	-12.5%
Others <i>(Note)</i>	<b>4,770</b>	<b>2.0%</b>	922	0.4%	3,848	417.4%
Total	<b><u>236,307</u></b>	<b><u>100.0%</u></b>	<b><u>247,058</u></b>	<b><u>100.0%</u></b>	<b><u>(10,751)</u></b>	<b><u>-4.4%</u></b>

Note: "Others" includes sales of products under other brands or on original equipment manufacturer basis.

Casablanca, Casa Calvin and CASA-V are our major proprietary brands. With the decrease in overall sales, the sales of proprietary brands during the Year was decreased by 4.4%% as compared to 2024. The 12.5% decline in sales of licensed and authorised brands, which was steeper than that of proprietary brands, was mainly attributable to lower sales of bedding products featuring popular cartoon characters in Hong Kong and Macau.

**Breakdown of revenue by products:**

	2025		2024		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
Bed linens	<b>123,797</b>	<b>52.4%</b>	131,738	53.3%	(7,941)	-6.0%
Duvets and pillows	<b>99,160</b>	<b>42.0%</b>	101,454	41.1%	(2,294)	-2.3%
Others <i>(Note)</i>	<b>13,350</b>	<b>5.6%</b>	13,866	5.6%	(516)	-3.7%
Total	<b><u>236,307</u></b>	<b><u>100.0%</u></b>	<b><u>247,058</u></b>	<b><u>100.0%</u></b>	<b><u>(10,751)</u></b>	<b><u>-4.4%</u></b>

Note: "Others" includes sales of home accessories, furniture and other products.

Bed linens and duvets and pillows are major products of the Group. The decreases in sales of bed linens, duvets and pillows, and others for 2025 were primarily due to the decrease in overall sales during the Year.

### **Breakdown of revenue by geographic regions:**

	2025		2024		Change	
	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>% of Total</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong and Macau	<b>174,628</b>	<b>73.9%</b>	186,486	75.4%	(11,858)	-6.4%
Mainland China	<b>61,471</b>	<b>26.0%</b>	59,927	24.3%	1,544	2.6%
Others <sup>(Note)</sup>	<b>208</b>	<b>0.1%</b>	645	0.3%	(437)	-67.8%
Total	<b><u>236,307</u></b>	<b><u>100.0%</u></b>	<b><u>247,058</u></b>	<b><u>100.0%</u></b>	<b><u>(10,751)</u></b>	<b><u>-4.4%</u></b>

Note: "Others" includes sales to regions other than Hong Kong, Macau and Mainland China.

Revenue from Hong Kong and Macau for 2025 decreased by 6.4% as compared to 2024, which was primarily due to the decrease in self-operated retail sales in Hong Kong with the weak consumer sentiment. Revenue from Mainland China increased slightly by 2.6% in 2025, compared to 2024, mainly attributable to higher wholesales, which offset the decrease in sales to distributors in Mainland China.

### **Gross Profit and Gross Profit Margin**

Gross profit decreased by 3.6% to HK\$158.5 million for 2025 compared to HK\$164.4 million for 2024. The gross profit margin for 2025 was 67.1% which was at a similar level to 66.6% for 2024.

### **Other Income**

Other income for the Year decreased by 58.2% to HK\$2.5 million (2024: HK\$6.1 million). The decrease in other income for the Year was mainly due to (1) the absence of (a) rental income of HK\$1.9 million, (b) forfeiture of rental deposit of HK\$0.7 million, and (c) other income of HK\$0.5 million, which were recorded in 2024 in relation to a lease following early termination by the tenant; and (2) the decrease in dividend income by HK\$0.4 million.

### **Other Gains**

Other gains for the Year amounted to HK\$1.0 million (2024: HK\$0.3 million), mainly representing net exchange gain of HK\$0.8 million (2024 loss: HK\$1.2 million), net gain on disposals and written off of property, plant and equipment of HK\$0.3 million (2024 loss: HK\$0.4 million) offsetting against net loss on FVTPL items of HK\$0.1 million (2024 net gain: HK\$2.0 million).

## Operating Expenses

Selling and distribution costs for the Year decreased by 3.6% to HK\$131.1 million (2024: HK\$136.0 million). The decrease was mainly due to decreases in staff costs, department store counters concessionaire commissions and promotional expenses. Administrative expenses for the Year decreased by 3.0% to HK\$44.1 million, as compared to HK\$45.5 million for 2024, due to the decrease in staff and related expenses.

## Taxation

The Group was at loss for 2025 as well as 2024. With deferred taxation credit offsetting tax charge provided for the Year, the Group had net tax credit of HK\$0.8 million for 2025 (2024: HK\$1.1 million).

## Loss for the Year

The Group recorded loss of HK\$14.0 million for 2025 (2024: HK\$11.5 million). By excluding the loss attributable to non-controlling interests, the loss attributable to owners of the Company for 2025 was HK\$12.2 million (2024: HK\$9.8 million). The increase in loss for the Year was primarily attributable to the decline in overall sales and less other income as compared to 2024. Increases in other gains coupled with decreases in selling and distribution costs, administrative expenses and finance cost failed to offset decreases in other income and total gross profit as a result of the decline in overall sales.

## Major Operating Efficiency Ratios

	2025	2024	Change
Inventory turnover ( <i>days</i> )	<b>244.9</b>	250.6	-5.7
Trade receivables turnover ( <i>days</i> )	<b>49.9</b>	49.1	0.8
Trade and bills payables turnover ( <i>days</i> )	<b>173.9</b>	181.9	-8.0

## Inventory turnover

The inventory turnover is equal to the average of opening and closing inventory divided by total cost of sales for the year and multiplied by 365 days. The inventory at 31 December 2025 decreased by 4.9% to HK\$50.9 million (2024: HK\$53.5 million) with less raw materials and finished goods kept as compared to the level at 31 December 2024. The reason for inventory turnover for 2025 decreased to 244.9 days from 250.6 days for 2024 was due to the decrease in inventory at 31 December 2025.

### ***Trade receivables turnover***

The trade receivables turnover is equal to the average of opening and closing trade receivables divided by total sales for the year and multiplied by 365 days. The trade receivables at 31 December 2025 slightly increased by 3.5% to HK\$32.9 million (2024: HK\$31.7 million) net of loss allowance of HK\$1.5 million (2024: HK\$1.5 million). With the decrease in sales for 2025, the trade receivables turnover for 2025 slightly increased to 49.9 days (2024: 49.1 days).

### ***Trade and bills payables turnover***

The trade and bills payables turnover is equal to the average of opening and closing trade and bills payables divided by total cost of sales for the year and multiplied by 365 days. The trade and bill payables at 31 December 2025 decreased by 4.9% to HK\$36.1 million (2024: HK\$38.0 million) when less raw materials were purchased in the fourth quarter of 2025. The trade and bills payables turnover for 2025 decreased to 173.9 days (2024: 181.9 days) was attributable to the decrease in trade and bills payables at 31 December 2025.

### **Liquidity and Capital Resources**

The gearing structure is set out below:

	<b>As at 31 December</b>		<b>Change</b>	
	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	
Total assets	<b>433,150</b>	448,366	(15,216)	-3.4%
Total liabilities	<b>71,149</b>	83,656	(12,507)	-15.0%
Total equity	<b>362,001</b>	364,710	(2,709)	-0.7%
Total bank borrowings	<b>2,794</b>	3,193	(399)	-12.5%
Total bank balances and cash	<b>134,452</b>	137,608	(3,156)	-2.3%
Net cash	<b>131,658</b>	134,415	(2,757)	-2.1%

The Group has been adhering to the principle of prudent financial management in order to minimise financial and operational risks. The Group generally finances its operations with internally generated cash flows. The decrease in bank balances and cash at 31 December 2025 was primarily attributable to the Group suffered a loss for the Year although less cash was tied up in working capital during the Year. Despite loss for the Year, the Group had available net cash about HK\$131.7 million as at 31 December 2025 (2024: HK\$134.4 million) which would be sufficient for its present operations in the absence of unforeseen circumstances.

### ***Pledged bank deposits and bank balances and cash***

As at 31 December 2025, the pledged bank deposits of the Group were approximately HK\$6.9 million (2024: HK\$8.3 million), which were denominated in HKD and RMB, and the bank balances and cash of the Group were approximately HK\$127.6 million (2024: HK\$129.3 million), which were denominated in HKD and RMB except for about 0.2% in United States Dollar, Pound Sterling and Euro.

### ***Bank borrowings***

As at 31 December 2025, the bank borrowings of the Group were approximately HK\$2.8 million (2024: HK\$3.2 million), which were denominated as to 100.0% in RMB with all balances repayable not more than three years, for strengthening the cash-flow of the PRC factory of the Group. Despite loss for the Year, the financial position of the Group remained healthy during the Year.

### ***Current ratio***

The Group's total current assets and the total current liabilities at 31 December 2025 decreased to HK\$237.9 million (2024: HK\$240.5 million) and HK\$65.4 million (2024: HK\$71.7 million) respectively. As a result, the current ratio increased to 3.6 as at 31 December 2025 from 3.4 as at 31 December 2024. The increase in current ratio was mainly due to the decrease in current liabilities more than that in current assets.

### ***Gearing ratio***

Gearing ratio is calculated as total borrowings divided by total equity at the end of the year. As at 31 December 2025, the gearing ratio was 0.8% (2024: 0.9%). The Group was at net cash position, with pledged bank deposits and bank balances and cash more than total bank borrowings, at 31 December 2025 as well as 31 December 2024.

### ***Pledge of assets***

As at 31 December 2025, no leasehold land and buildings or investment properties were pledged to banks as securities for banking facilities granted to the Group (2024: nil). The Group had pledged only its fixed deposits with an aggregate value of HK\$6.9 million (2024: HK\$8.3 million) to certain banks in Hong Kong and Mainland China to secure banking facilities granted to the Group at 31 December 2025.

### ***Capital expenditures***

During the Year, the Group had capital expenditures of HK\$3.3 million (2024: HK\$5.2 million) mainly for renovation for retail stores and concession counters and acquisition of a motor vehicle.

### ***Capital commitments***

As at 31 December 2025, the Group had capital commitments of HK\$0.2 million (2024: HK\$0.2 million) which mainly related to acquisitions of machines.

### **Share Capital**

The total number of issued ordinary shares of the Company (the "Shares") as at 31 December 2025 was 257,854,000 Shares (2024: 257,854,000 Shares). As at 31 December 2025, the total issued share capital of the Company was HK\$25,785,400 (2024: HK\$25,785,400).

Subsequent to 31 December 2025 and up to the date of this announcement, the total number of Shares increased to 258,004,000 Shares and the total issued share capital of the Company became HK\$25,800,400 when 150,000 Shares were issued as a result of 150,000 share options being exercised by employees.

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme which had been approved at the annual general meeting held on 6 June 2022.

### **Foreign Exchange Exposure**

The Group carries on its business mainly in Hong Kong and Mainland China. The Group is exposed to foreign exchange risk principally in RMB which may affect the Group's performance. The management has been aware of the possible foreign exchange exposure due to the continuing fluctuation of RMB and its impact on the performance of the Group.

Reference is made to the announcement entitled "Discloseable Transaction – FX Foreign Contract" published by the Company on 17 January 2025, the Group entered into a foreign exchange forward contract with a bank in Hong Kong in the principal amount of RMB14 million, which was settled on 30 December 2025, as a hedging arrangement. The Group intended to take such hedging arrangement to mitigate RMB/HKD currency risk as arising from loans in RMB to a subsidiary in the PRC. Ultimately, RMB appreciated by about 4.2% against HKD at 31 December 2025 as compared to 31 December 2024 (2024 compared to 2023: depreciated by about 3.3%). The Group recorded an unrealised exchange gain of HK\$1.3 million (2024 loss: HK\$1.1 million) on RMB loans to the PRC subsidiary at 31 December 2025 which was partially offset by a loss of HK\$0.6 million (2024: nil) on settlement of the foreign exchange contract on 30 December 2025.

As at 31 December 2025 and the date of this announcement, the Group does not have any derivative financial instrument to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Board will closely monitor the situation to see if any further hedging arrangement is necessary.

### **Employee and Remuneration Policy**

As at 31 December 2025, the employee headcount of the Group was 475 (2024: 532) and the total staff costs, including directors' emoluments, for the Year amounted to HK\$85.0 million (2024: HK\$89.0 million). The decrease in the employee headcount was due to less sales staff, frontline shop-helpers and factory workers employed during the Year. The decrease in total staff costs for 2025 was mainly due to less payments of salary, bonus and sales commission during the Year.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme.

## Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the Year.

## Financial Assets at FVTPL

The financial assets at FVTPL represent the Group's investments for medium to long-term investment purposes in shares of constituents of Hang Seng Index as listed on the Stock Exchange. They are expected to bring returns to the Group in the long run.

As at 31 December 2025, the financial assets at FVTPL included investments in shares of the following companies:

<b>Name of company listed on the Stock Exchange</b>	<b>Stock Code</b>	<b>Fair Value of Investment at 31 December 2025</b> <i>HK\$'000</i>	<b>Fair Value of Investment at 31 December 2024</b> <i>HK\$'000</i>
Ping An Insurance (Group) Company of China, Ltd.	02318	<b>1,303</b>	921
Geely Automobile Holdings Limited	00175	<b>2,685</b>	–
Hong Kong Exchanges and Clearing Limited	00388	–	884
Total		<b><u>3,988</u></b>	<b><u>1,805</u></b>

As at 31 December 2025, the Company had total investments in shares of companies listed on the Stock Exchange with fair value of HK\$4.0 million (2024: HK\$1.8 million) which were not more than 5% of the Group's total assets. The increase in financial assets at FVTPL by about HK\$2.2 million (2024 decrease: HK\$4.5 million) was mainly attributable to the acquisition and the disposal of investments in shares of two companies listed on the Stock Exchange during the Year. For the Year, dividend income from and gain on financial assets at FVTPL in relation to investments in shares of companies listed on the Stock Exchange were HK\$0.1 million (2024: HK\$0.4 million) and HK\$0.5 million (2024: HK\$2.0 million) respectively.

## Significant Investments

The Group did not hold any significant investments during the Year.

## **Future Plans for Material Investments or Capital Assets**

The Group is actively identifying and exploring suitable investments with potential and synergy effect to its existing businesses. Only potential investments, which are in the interests of the Company and the Shareholders as a whole, will be considered.

For medium to long-term investment purposes, the Group may consider to invest in shares of companies listed on the Stock Exchange to strive for better return in the medium to long-term from surplus cash on hand. As at 31 December 2025, the Group had investments in shares of companies listed on the Stock Exchange as disclosed for financial assets at FVTPL above.

The Group will review its business strategy in respect of its capital assets (including but not limited to properties owned by the Group) from time to time. With a view to optimising the overall benefits of the Group, adjustments may be made or new initiatives may be undertaken as regards the business plans formulated for properties owned by the Group having regard to the operational needs of the Group, actual circumstance and the interest of the Group as a whole. As at 31 December 2025, the investment properties of the Group with total carrying amount of HK\$18.1 million were vacant on offer for leasing out. The Group leased out investment properties under operating leases for two to five years which were terminated early by the tenants during 2024.

Other than those disclosed above, there was no plan authorised by the Board for material investments or additions of capital assets at the date of this announcement.

## **Contingent Liabilities**

As at 31 December 2025, the Group did not have any significant contingent liabilities.

## **Update on Discloseable Transaction in Relation to Joint Venture Company**

Reference is made to the announcement entitled “Voluntary Announcement – Update of Joint Venture Company” published by the Company on 6 February 2026.

Following the disposal by a former shareholder of its 22% equity interest in Casa Living, on 6 February 2026, Jollirich Investment Limited (“Jollirich Investment”, an indirect wholly-owned subsidiary of the Company), Hangzhou Dingyuan Investment Management Co., Ltd.\* (“Hangzhou Dingyuan”), Delicious Foodstuffs (Taishan) Company Limited\* (“Taishan Delicious Foodstuffs”), Hangzhou Gaoshi Enterprise Management Partnership (Limited Partnership)\* (“Hangzhou Gaoshi”, a new shareholder) and Liaoning Tangmei Textile Technology Co., Ltd.\* (“Liaoning Tangmei”, a new shareholder) entered into a new cooperation agreement (the “New Cooperation Agreement”) to govern their rights and obligations in Casa Living. The principal terms of the New Cooperation Agreement were substantially same as those in the cooperation agreement entered into on 5 September 2024, details of which are set out in the announcement of the Company dated 6 September 2024.

As at the date of this announcement, Jollirich Investment, Hangzhou Dingyuan, Taishan Delicious Foodstuffs, Hangzhou Gaoshi and Liaoning Tangmei hold 51%, 14%, 13%, 13% and 9% equity interest in Casa Living, respectively. There is no change to the proportion of equity interest (i.e. 51%) in Casa Living held by Jollirich Investment. Hence, Casa Living continues to be a non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of Casa Living remains to be consolidated into the accounts of the Group.

A branch of Casa Living was registered in Hangzhou (the “Hangzhou Branch Company”) to effectively explore and expand a new cross-border e-commerce business project of Casa Living (the “Cross-border E-commerce Project”). Casa Living has employed a management team led by Mr. Li Quanzhi\* (the “Management Team”) for the operations and management of the Cross-border E-commerce Project. Mr. Li is also appointed as the general manager of the Hangzhou Branch Company.

Pursuant to the New Cooperation Agreement, there were after-tax profit targets set for the Management Team for each of the three financial years ending 31 December 2026, 2027 and 2028 (the “Profit Targets”). The Profit Targets were recorded in the New Cooperation Agreement as a mutual intent of the vision for and business projection of Casa Living, and were intended to serve as evaluation indicators for performance incentives and bonuses. The Profit Targets in the New Cooperation Agreement were in nature an illustration of the commitment of the Management Team of Casa Living, which do not create any obligation on the part of the Management Team or any shareholders of Casa Living to make up for any shortfall in respect thereof. The New Cooperation Agreement does not contain any provision which would give rise to a put option for the Company to sell its equity interest in Casa Living to any shareholders of Casa Living by reason of the failure to satisfy any Profit Targets.

The Group strives to expand to the new retail business with online sales and e-commerce of its products via new media in the PRC and to overseas markets. Following the entering into of the New Cooperation Agreement, the establishment of the Hangzhou Branch Company and the recruitment of the Management Team, Casa Living will be able to re-focus on the development of its new retail business and integrate and leverage the strengths of Hangzhou Dingyuan and Hangzhou Gaoshi for such endeavours. Hangzhou Dingyuan and Hangzhou Gaoshi will be able to provide resources and assistance to the Group for exploring and expanding the Cross-border E-commerce Project.

Meanwhile, Casa Living is carrying out the first stage of the Cross-border E-commerce Project to provide sellers with an online platform, which is currently on lease, for selling products to overseas consumers in return for service fees charged. The Group’s capital expenditure for the first stage is minimal with only new computer equipment acquired. The Management Team is exploring the ultimate mode of operations for the Cross-border E-commerce Project. The Group will update the progress of the Cross-border E-commerce Project in due course.

## **DIVIDEND**

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company for the year ended 31 December 2025 (the "AGM") is scheduled to be held on Friday, 15 May 2026. A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

## **CLOSURES OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 11 May 2026 to Friday, 15 May 2026 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM of the Company, all completed transfer documents accompanying with the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. (Hong Kong time) on Friday, 8 May 2026.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code during the Year.

None of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Year, complied with the code provisions of the CG Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) comprises three Independent Non-executive Directors, namely, Mr. Lo Siu Leung, Dr. Cheung Wah Keung and Mr. Chow On Wa. Mr. Lo Siu Leung is the chairman of the Audit Committee. The Audit Committee is primarily responsible for the review of the Group’s financial reporting process and risk management and internal control systems. It has reviewed the accounting principles and practices adopted by the Group and the audited annual results of the Group for the year ended 31 December 2025.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Group up to the date of this announcement after 31 December 2025.

## **SCOPE OF WORK OF MESSRS. CHENG & CHENG LIMITED, CERTIFIED PUBLIC ACCOUNTANTS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group’s auditors, Messrs. CHENG & CHENG LIMITED, Certified Public Accountants (“CHENG & CHENG”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by CHENG & CHENG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CHENG & CHENG on this preliminary announcement.

## **APPRECIATION**

We would like to extend our sincere gratitude to our valued customers, business partners and Shareholders for their constant support, and express our appreciation to the management team and employees for their valuable contributions to the development of the Group for the Year.

*\* For identification purpose only.*

By Order of the Board  
**Casablanca Group Limited**  
**Cheng Sze Kin**  
*Chairman*

Hong Kong, 27 March 2026

*As at the date of this announcement, the Board of the Company comprises Mr. Cheng Sze Kin (Chairman), Mr. Cheng Sze Tsan (Vice-chairman) and Ms. Wong Pik Hung as Executive Directors, and Mr. Lo Siu Leung, Dr. Cheung Wah Keung and Mr. Chow On Wa as Independent Non-executive Directors.*